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German Democratic Republic

FINANCE PLAN OF THE DEUTSCHE BAUERNBANK FOR 1952

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assumes that the Land Cooperative Banks will be incorporated in their entirety into the Deutsche Bauernbank by 1 January 1952. No money was set aside for interest payments on cash balances between the Deutsche Bauernbank and the Land offices. The expansion of the network of Kreis offices necessitates large expenditures for personnel and equipment but does not bring in significantly increased receipts. The effects of the new branches (in terms of income) will not be felt in 1952.

The result plan (profit and loss plan) indicates that actual 1951 receipts will probably be 39,295,000 DM and probable expenditures 35,093,000 DM; the indicated profit is 4,202,000 DM. The expenditure figure includes (a rough estimate for) write-offs of 180,000 DM.

The 1952 Plan provides for 29,465,000 DM income and 27,578,000 DM expenditures. The planned profit is 1,887,000 DM. ~~These figures are further~~ These figures are further broken down as follows: For income -- interest, commission, operating income, and losses (subsidies -- if any); for expenditures -- interest, commission, wages and salaries, social insurance contributions, director's fund, business and operating expenditures, corporation tax, other taxes, write-offs according to the write-off plan; and profit (if any). A further breakdown is provided according to types of transactions and institutions involved.

The explanations to the 1952 finance plan provide some indications as to the manner in which the figures were computed. For example, the short-term loans of the Land Cooperative Banks in 1951 amounted to 495.4 million DM; plans call for a 1952 figure of 516.55 million DM. Another example: The average rate of interest paid to the Land Cooperative Banks in 1951 was 2.2 percent (from 2.0 to 2.6 percent). The amount of 1.7 million DM appears as interest earnings in the 1951 balance sheet of the Land Cooperative Banks and as interest expense in the 1951 balance sheet of the Deutsche Bauernbank. No provision made for such payments in the 1952 plan because of the anticipated incorporation of the Land Cooperative Banks into the Deutsche Bauernbank.

An audit report on the 1952 finance plan was issued by the Central Audit Division. In 1952 an ~~xxxx~~ average fund of 263 million DM, or 40 million less than requested under the finance plan of the Deutsche Bauernbank, will be made available for refinancing. The funds available from the Deutsche Notenbank (German Bank of Issue) will not exceed 80 million DM. The Deutsche Bauernbank will be permitted to increase its capitalization from 50 million to 100 million DM.

The Deutsche Bauernbank is negotiating for exemption from taxation; there is a considerable discrepancy between traveling costs and office supplies required in 1951 and 1952 estimates for these items. Furthermore, there is a great variation in the costs for these operations between the various Laender.

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